

REDEVELOPMENT FUNDING

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UST CLEANUP FUND

- ▶ Established in 1989
- ▶ \$2.4 Billion paid out so far
- ▶ 19,000 Claims
- ▶ Fund established from petroleum storage fees (was 1.4 cents/gallon)
- ▶ 2010 fee raised to 2.0 cents/gallon (until 1/1/14)
 - ▶ Fee increase expected to provide a total of approximately \$192 million of additional revenues to the Cleanup Fund.

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▶ 2011 Program Changes:

- ▶ Program converted to a more traditional grant-like program: puts claimants on fixed budget and regular invoicing periods.
- ▶ Fund needed to reduce active claims and reduce average cost per claim.
- ▶ Several measures were and are being taken to achieve this goal.

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▶ Length of Cleanup for Active Claims:

- ▶ 0-5 years: 482 claims (12%)
- ▶ 5-10 years: 1048 claims (26%)
- ▶ 10-15 years: 1762 claims (45%)
- ▶ 15+ years: 683 claims (17%)

▶ Current Fund Composition:

- ▶ A: 71 claims (2%) (3 claims awaiting LOC)
- ▶ B: 2089 claims (51%) (55 claims awaiting LOC)
- ▶ C: 1446 claims (35%) (72 claims awaiting LOC)
- ▶ D: 485 claims (12%) (4534 claims awaiting LOC)

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2012 Program Changes:

- ▶ Cost Guideline Changes:
 - ▶ Only “reasonable and necessary corrective action costs” are reimbursable. This will include revising the cost guidelines, requiring standard invoicing through an electronic web-portal system, and setting annual budget allocations for each claim.

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2012 Program Changes:

- ▶ **Priority B Gross Receipts Increase**
 - ▶ Average annual gross receipts for priority B claimants increased from \$12mil to \$14mil.
 - ▶ Still can apply to have Priority C and D claims reassigned to Priority B.
- ▶ **No pre-approvals.**
- ▶ **No reimbursement if reports not uploaded to Geotracker.**
- ▶ **Claims must be timely – 365-day rule**
- ▶ **Reimbursement limited when USTCF recommends closure.**

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- ▶ Budget Category Breakdown:
 - ▶ Soil Water Investigation – 570
 - ▶ Remediation Selection – 547
 - ▶ **Remediation Implementation – 927**
 - ▶ Verification Monitoring – 369
 - ▶ **Site Closure - 1145**

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▶ Who's getting the money?

- ▶ All sites with Letters of Commitment now have annual budgets approved.
- ▶ Sites in O&M mode will receive highest priority for funding (want to allow remedial systems to continue operating).
- ▶ Sites in Closeout category will also be as fully funded as possible.
- ▶ Site in other categories get what's left. All claims will get some funding.
- ▶ No new Letters of Commitment have been issued to B or C claims in the last two years.

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▶ 5-Year Review and Closure Review Status

- ▶ 50 LOP cases closed by DEH in FY 2011-2012
- ▶ Statewide - Several closure petitions filed by UST operators have been approved, even over objections by regional board staff.
 - ▶ Reports of the individual closures can be found on the SWRCB website and provide useful a useful database of what factors the State Board will take into consideration in granting closure petitions.

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- ▶ Third Party Compensation Costs:
 - ▶ The Fund reimburses third-party costs. Third party costs are costs awarded to a third party by a final judgment or court-approved settlement or arbitration.
 - ▶ Third party costs are only eligible for reimbursement if the claimant has not yet been reimbursed in excess of \$1 million.

ORPHAN SHARE CLEANUP FUND (OSCF)

- ▶ Established in 2008 (almost identical to former OSCA).
- ▶ Transferred \$10 million from USTCF for each of three fiscal years started in 08/09 FY through 10/11 FY - \$30m total.
- ▶ Grant money is available for use for 4 years after date of grant agreement.
- ▶ Grants will issue until all money is encumbered. Sunsets in 2016.
- ▶ Currently about \$18m available for grants.

ORPHAN SHARE CLEANUP FUND (OSCF)

Eligibility Requirements:

- ▶ Grant Program - \$1.5m per site.
- ▶ Petroleum must be primary source of contamination – from a UST.
- ▶ Financially responsible party has not been identified (or site has been issued an NFA following tank closure).
- ▶ Site must be vacant (or no economic use) for 12 months prior to application date.
- ▶ Site must be in an urban area.

ORPHAN SHARE CLEANUP FUND (OSCF)

- ▶ Reimburses past and future remediation costs (past costs must be incurred after January 1, 2005).
- ▶ Grants will cover many costs which are ineligible for USTCF reimbursement.
- ▶ Only eligible for one or the other – USTCF or OSCF – not both.

QUESTIONS?

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